

## Accounting Matrix for Servicing Rights on Mortgage Loans

	Originated Mortgage Servicing Rights (OMSR)	Purchased Mortgage Servicing Rights (PMSR)	Originated or Purchased <sup>2</sup> Excess Servicing Fee Receivable (ESFR)
<b>Asset Recognition Criteria</b>	Prohibited [SFAS No. 65, ¶ 16]	Other Assets – PMSR [SFAS No. 65, ¶ 16-17]	Other Assets/Receivable - ESFR [SFAS No. 65, ¶ 11]
<b>Asset Classification (i.e., tangible or intangible asset)</b>	Intangible asset NOT reflected on balance sheet	Intangible asset reflected on balance sheet	Tangible Asset reflected on balance sheet
<b>Asset Amortization Method</b>	Not Applicable	Amortization "in proportion to, and over the period of estimated net servicing income (servicing revenue in excess of servicing costs)." [SFAS No. 65, ¶ 19. Also, see regulatory capital section below.]	Level-Yield Amortization method [Prevailing Practice]
<b>Asset Impairment Test</b>	Not Applicable	Impairment is determined by estimating the future net servicing income, on an undiscounted or discounted basis, depending on whether the entity uses discounting to evaluate other similar intangible assets. [EITF 86-38A]	Impairment is determined by discounting the estimated remaining future excess service fee revenue using the same discount factor used to calculate the original excess fee receivable. [EITF 86-38B]
<b>Regulatory Capital Treatment</b>	Not included in regulatory capital, Tangible Assets, Adjusted Tangible Assets or Risk-Weighted Assets' Off-Balance Sheet Conversion Items	Included in regulatory capital, Tangible Assets, Adjusted Tangible Assets, and Risk-Weighted Assets to lesser of: (1) 90% of fair value, (2) unamortized book value, or (3) 100 % of tangible capital (or 50% of core capital) before PMSR deduction. <sup>1</sup> Risk-weight in the 100 % category.	Included in regulatory capital, Tangible Assets, Adjusted Tangible Assets, and Risk-Weighted Assets without limit. Risk-weight in the 100% category

<sup>1</sup> Only PMSR subject to a 15-year maximum amortization period and evaluated on a discounted basis may be included in regulatory capital

<sup>2</sup> FASB staff have indicated that ESFR may be acquired through origination or as part of the allocation or purchased servicing rights into a normal servicing fee and an excess servicing fee portion.